



## TETRA PAK – CASE STUDY E-ILLUMINA

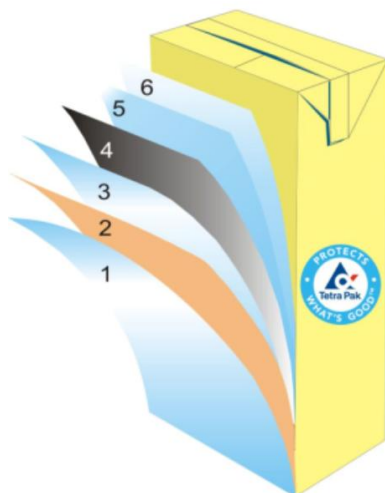
*“Tetra Pak “PROTECTS WHAT'S GOOD”. That's not only our motto — it's an aspiration that's reflected in every aspect of our business. As the world's leading food processing and packaging solutions company, **we are committed to making food safe and available, everywhere.** And our commitment extends far beyond protecting the contents in a package. It also includes supporting our customers' businesses, a responsibility to reduce our environmental impact, and shape a better future for all our stakeholders — from our employees, to our suppliers and the communities in which we operate.”*

### A History of Innovation

More than 50 years ago, our founder, Dr. Ruben Rausing, began testing an innovation that would change the way food was distributed around the world. He wanted to create a practical, cost-effective package for milk and cream — which up to this point were sold primarily in glass bottles or loosely over the counter.



Tetra Pak launched a breakthrough innovation: the world's first aseptic carton -- a package which enables milk and other perishable liquid foods to remain on the shelf for more than six months without refrigeration or preservatives. By integrating high barrier aluminium and polyethylene with carton board and using a special technique (**UHT**) to sterilise the package's contents, aseptic technology ensures that both the food and the packaging are free of harmful bacteria. The International Institute of Food Technologists recognised aseptic processing technology as “the most important food science development of the 20th century.”



1. Polyethylene: Protects against moisture
2. Paper: For stability & strength
3. Polyethylene: Adhesion
4. Aluminium: Oxygen, flavor & light
5. Polyethylene: Adhesion
6. Polyethylene: Seals in the liquid

### What is UHT technology?

Achieving commercially sterile food involves heating it to a prescribed temperature for a set time period. The specific temperatures and times depend on the specific food involved. Low-acid, liquid food products, such as milk, can be more prone to microorganisms and pathogenic bacteria than high-acid products, such as fruit juices.

Unlike other food sterilization methods, UHT, or Ultra High Temperature, treatment takes place *before* packaging in optimized heat exchangers. This process minimizes heat penetration problems and allows very short heating and cooling times, while minimizing unwanted changes in the taste and nutritional properties of the product.

The sterilized product is then packed in a sterile pack in an sterile environment without any interaction with the outside world, which ensures that there will be no bacterial growth while the product is being packed. Once packed the 6-layer aseptic packaging ensures the product inside is isolated from any influence of light, moisture and air.

### What is special in milk packed in Tetra Pak cartons?

Any milk cannot undergo UHT treatment and get packed in Tetra Pak cartons. There are strict quality tests which the milk has to “pass” before being eligible for UHT treatment. Some important ones are pH level and bacterial count.

Furthermore the milk is homogenised before entering the carton i.e. milk is more creamy and there is no malai layer on top on boiling the milk. To sum up the USPs of the milk packed in Tetra Pak cartons are:

- Milk is assured quality, homogenised, unadulterated and isolated from any external influence.
- UHT processing and aseptic carton packaging gives a shelf life of 4-6 months to this milk **without any preservatives added.**
- Tetra Pak carton is tamper evident and if any adulteration is done to the milk in the pack the pack will get puffed.
- Due to excellent quality of milk in, the preparations made from it are very superior like tea, coffee, kheer, paysam etc.
- Having undergone UHT treatment this milk is perfect to be used straight from the pack, just cut and pour no boiling required. Pack needs to be refrigerated after opening and consumed within 2-3 days
- Being paper based this pack is 100% recyclable and is environment friendly

### **Live Challenge: Develop a 360° plan for various consumer segments to drive usage of Milk in Tetra Pak cartons**

India has been at the forefront of milk production in the world with approx. 17% share in annual milk volumes. While loose milk still dominates the most part of our country, packaged milk has grown to a sizable chunk in the past 30 years. Thanks to the white revolution which took place in 70's there are many co-operatives (lead by Amul) in the country pioneering the cause of collecting milk from farmers and selling it to consumers in mostly poly pouches. For most of the urban/semi urban consumers packed milk is synonymous with poly pouch milk.

Pouch milk today accounts for 95% share in packed milk space with Tetra Pak carton accounting for just 1.8% and remaining with powder milk. From a modest beginning today carton volumes stand at 500,000 tons per year. The main drivers of milk packaging in cartons have been the surplus milk available with the big co-operatives which is growing every year. This surplus milk is packed in carton and allows these co-operatives to extend the shelf life of the otherwise perishable commodity like milk and fetches them higher margins compared to other forms of packed milk and lets them distribute pan India even when packaging is done at one location.

**On the consumer side** the main reasons for buying remain the availability of carton in milk deficient regions like Hilly North regions, North east, coastal areas of Andhra, Orissa and interiors of Karnataka. Due to the ambient nature of the product and higher shelf life this milk reaches the farthest of terrains and provides the consumers and option to enjoy fresh milk anytime.

Apart from this there has been an acceptance among the urban metro consumers due to the convenience of storage, sku options ( 100ml, 200ml, 500ml etc.), no hassle of boiling (cut and pour), hygienic and tamper evident packaging and the overall quality of milk inside. In urban areas this milk has fought and won over all other options available to the consumer and has carved its own niche.

#### **Main consumer segments for milk in carton are:**

- Consumers in the milk deficient regions
- Institutions like hotels, tea vendors in milk deficient regions
- Health conscious consumers in metros using it for their kids, own consumption regularly
- Double income couples in metros having a busy lifestyle and no time for everyday milk purchase prefer to stock this milk
- Singles staying away from home (especially boys) with no intention of boiling milk use it with their cereals
- Students in hostels, PG having pressure to study hard and include milk in their daily diet find a liking for this format

- Image conscious consumers for whom premium products are the benchmark for quality
- Defence forces use this to give to troops in far flung areas as a part of their daily ration as this can be stored for months at room temperature without spoilage

Apart from consumers this format has also been a **boon for retailers** as it provides better margins, ease of storage for months without any refrigeration and flexibility to transport from one location to other without any issues of cold chain availability.

Although there have been a wide variety of consumers who have found liking for the milk in cartons, that is still the tip of the ice-berg when actual numbers are concerned of milk drinking consumers in India. As there are still many **barriers** associated with this milk namely:

- Price premium (20%+) compared to poly pouch milk
- Perception of preservatives being there to achieve shelf life of 6 months (while there is none)
- Doubt on how can the milk be so thick (as this milk is very good quality & homogenised)
- Non- Availability across channels when needed

**Keeping these points in mind, draw a pen portrait of the various consumer segments basis their life stage, nutritional requirements or any other variable. Validate the already defined segments and add any other potential ones. These segments should be the ones which present a sizeable, well defined and addressable opportunity to which carton milk can be pitched.**

**Once the segments are identified, develop a 360° plan for various consumer segments to drive usage of milk in Tetra Pak cartons with them. The plan should consider all potential milk types which the segment might be using like loose, poly-pouch, powder etc. and how can carton be pitched and made relevant to the consumer, how price premium can be justified basis the ambient nature, great product quality, amazing quality of dishes prepared from this milk. Can the equity of juices (a default product in cartons) be leveraged with some consumers? Can the 6 layers of packaging having aluminium as one most important and visible layer be used in some manner to instil credibility?**

Reference – Video Ads on youtube, Super Factories video by National Geographic on youtube.